

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 PA-01 PRS-01 AGRE-00 /080 W
-----292025Z 033315 /45

P R 292000Z MAR 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 794
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A
TAGS: EFIN, ETRD, BR
SUBJ: TRADE DEFICIT IN FEBRUARY

1. ACCORDING TO PRELIMINARY DATA ANNOUNCED BY FINANCE MINISTER SIMONSEN, THE TRADE DEFICIT IN FEBRUARY CAME TO DOLS 27 MILLION, BRINGING THE CUMULATIVE DEFICIT FOR THE FIRST TWO MONTHS TO DOLS 108 MILLION. THIS REPRESENTS A SIGNIFICANT IMPROVEMENT FROM A DEFICIT OF DOLS 730 MILLION DURING THE SAME PERIOD LAST YEAR.

2. TOTAL EXPORTS IN FEBRUARY TOTALLED DOLS 865.5 MILLION, UP 38.6 PERCENT OVER FEBRUARY 1976. FOR THE FIRST TWO MONTHS, EXPORTS AMOUNTED TO DOLS 1,738.6, AN INCREASE OF 53.6 PERCENT OVER LAST YEAR. COFFEE RECEIPTS JUMPED FROM DOLS 158.4 MILLION DURING JAN/FEB 1976 TO DOLS 555.6 MILLION DURING JAN/FEB 1977, A RISE OF 250 PERCENT.

3. IMPORTS, IN NOMINAL TERMS, SHOWED VIRTUALLY
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NO CHANGE BETWEEN JAN/FEB 1976 AND JAN/FEB 1977, GOING FROM DOLS 1,861 MILLION TO DOLS 1,829 MILLION.

BEGIN LOU
COMMENT:

4. THE FAVORABLE BALANCE OF TRADE TREND

REGISTERED SO FAR THIS YEAR HAS STIMULATED A GREAT DEAL OF OPTIMISM IN GOVERNMENT CIRCLES. ALTHOUGH THE OFFICIAL EXPORT TARGET OF DOLS 11.2- DOLS 11.5 BILLION HAS NOT BEEN CHANGED, PRIVATELY POLICY MAKERS ARE WORKING ON THE ASSUMPTION OF AT LEAST A BALANCED TRADE ACCOUNT IN 1977, IF NOT A SMALL SURPLUS. THIS EUPHORIA IS SLOWLY COMING TO THE FORE IN PUBLIC PRO- NOUNCEMENTS, SUCH AS THE ONE MADE BY FINMIN SIMONSEN THIS WEEK THAT HE IS STUDYING THE POSSIBILITY OF LIFTING THE 100 PERCENT PRIOR DEPOSIT ON SOME PRIMARY PRODUCTS (INPUTS) WHICH MUST BE IMPORTED AT ANY PRICE TO KEEP THE INDUSTRIAL SECTOR RUNNING. WHILE OFFICIAL RESERVES DATA ARE NOT YET AVAILABLE FOR EITHER JANUARY OR FEBRUARY, SIMONSEN HAS INDICATED THAT DURING THE FIRST TWO MONTHS OF THE YEAR DOLS 400 MILLION IN CAPITAL INFLOWS WERE RECEIVED IN THE FORM OF BORROWING BY THE PRIVATE SECTOR.

5. POLICY MAKERS HAVE GOOD REASON TO BE SATISFIED WITH THE TRADE RESULTS UP TO NOW, PARTICULARLY SINCE THE FIRST FEW MONTHS OF THE YEAR ARE SEASONALLY ADVERSE. THEY SHOULD NOT LOSE SIGHT OF THE FACT, HOWEVER, THAT THIS OUTCOME HAS BEEN MADE POSSIBLE PRIMARILY BY HIGH COFFEE AND SOYBEAN PRICES, AND THAT THIS DOES NOT NECESSARILY IMPLY A PERMANENT LIMITED OFFICIAL USE

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IMPROVEMENT IN THE FUNDAMENTAL BALANCE OF PAYMENTS POSITION. END LOU CRIMMINS

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NNN

Message Attributes

Automatic Decaptoning: X
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Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS DEFICITS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Mar-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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Secure: OPEN
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Subject: TRADE DEFICIT IN FEBRUARY
TAGS: EFIN, ETRD, BR
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